

**NATIONAL DAIRY MARKET AT A GLANCE**

**CHICAGOMERCANTILEEXCHANGE(CME)CASHMARKETS(7/08)**  
**BUTTER:** Grade AA closed at \$1.6325. The weekly average for Grade AA is \$1.6513 (-.0470).

**CHEESE:** Barrels closed at \$1.5075 and blocks at \$1.5500. The weekly average for barrels is \$1.5075 (+.0105) and blocks, \$1.5500 (+.0040).

**BUTTER:** The butter market was firm through late last week but has declined \$.0975 in three consecutive trading sessions to \$1.6325. Churning activity remains active across the country although cream supplies have tightened considerably for butter needs. In instances, current churning schedules are not generating sufficient volumes of butter for current needs, thus some producers and handlers are reaching into inventoried stocks to fill all needs. Butter demand is fair. Orders during the week following the holiday period are mixed. Many buyers continue to assess their post holiday inventory situation before re-entering the market, while others are reluctant to place orders in a declining market.

**CHEESE:** The cheese market is steady. Current cheese interest is moderate, though slow to develop after the holiday weekend. Reduced milk intakes and lower vat yields are combining to reduce cheese output. Natural American supplies remain fairly close to in balance with demand. Extra supplies are generally held with confidence against expected later needs when schools reopen. Chicago Mercantile Exchange rules limit the age on current cheddar cheese traded to 30 days maximum. Older cheddar may be traded, though the age must be listed and does not directly impact the cash cheese price quoted. Lower production in July reduces the CME eligible supplies in August. Cumulative January - May U.S. cheddar cheese production totals 1.297 billion pounds, up 3.5 million pounds (0.3%) from the unadjusted cumulative same period in 2004. Total cheese output during the first 5 months of 2005 totals 3.801 billion pounds, up 58.5 million pounds (1.6%) from a year ago.

**FLUIDMILK:** Milk production levels in many areas of the country remain relatively high seasonally and are often above year ago levels. The holiday weekend created some problems for processing surplus milk. Balancing plants were full across most areas. Plant schedules were returning to normal by mid week. Weather conditions are hot in the Southwest. Temperatures in Arizona are reaching 110 degrees and milk is declining. Hot weather in parts of New Mexico and California has slowed milk growth, but is not causing declines. Additional cows and good feed are two factors. Milk output remains seasonally strong in the Northwest and in Utah and Idaho. Some plant and equipment problems caused milk to be shipped out that was not expected. Surplus milk in the Midwest is being cleared up as local milk intakes decline due to hot and humid conditions in the region. Plants took surplus milk from other regions over the weekend. Milk is declining in the Southeast and Florida. Few effects on bottled milk sales were noted in the region ahead of and around the tropical storms this week. Balancing plants remain in operation. Milk production in the Northeast is steady as warmer conditions have not had an effect.

**DRY PRODUCTS:** Many of the dry products marketings were affected by the holiday shortened week. Demand for the dry products was being described

as slow. Production levels were mainly higher as more milk entered balancing and processing plants over the weekend and well into the week. Nonfat dry milk prices are mostly unchanged in light spot trading. There are some concerns about exports if Mexico places a tariff on food preparation blends. While not directly affected, NDM as an ingredient could be impacted. Dry buttermilk markets are steady to firmer in most regions. Demand has been fair to good and product has cleared to export in recent weeks. Whey prices moved slightly higher as the market tone continues to be seen as steady to firm. Exports have been good to clear whey offerings and the U.S. is one of the few current sources of whey powder. Whey protein concentrate prices are unchanged, but the market tone remains firm. The food sector is keeping the market moving, but more feed buyers are not being able to make current prices work in formulations. The lactose market is firmer as third quarter contracts bring higher prices. Demand remains good from end users and brokers. Offerings are available for current demand.

**EUROPEANDAIRYOVERVIEW:** Milk production is past the peak in Eastern and Western Europe. Through the end of May, output in EU-15 countries is 1.5% higher than last year at this time, 6.0% higher in EU-10 countries, and 2.2% higher in cumulative EU-25 countries. Spring weather conditions were quite conducive to strong production gains at that time, although in recent weeks, hot/dry conditions were common over much of the region. Stocks of manufactured dairy products are available for immediate and future deliveries. Casein and cheese production were very strong thus far this season with milk powder output not as active. Buyer interest continues to center around internal or domestic needs with international buyer interest limited. Most European handlers and traders are adjusting to the most recent (June 16) announcement of lower export subsidies for many dairy products.

**CCC:** During the week of July 4 - 8, there was no price support activity.

**MAY 2005 DAIRY PRODUCTS HIGHLIGHTS (NASS):** Butter production was 120.3 million pounds in May, 9.2% above May 2004 and 4.0% above April 2005. American type cheese production totaled 333.4 million pounds, 0.3% above May 2004 and 1.5% above April 2005. Total cheese output (excluding cottage cheese) was 782.5 million pounds, 4.0% above May 2004 and 3.4% above April 2005. Nonfat dry milk production, for human food, totaled 122.5 million pounds, 19.0% below May 2004 but 10.1% above April 2005. Dry whey production, for human food, was 85.7 million pounds, 4.0% above May 2004 and 2.4% above April 2005. Ice cream (hard) production totaled 78.4 million gallons, 5.4% above May 2004 and 1.3% above April 2005.

**MAY FLUID MILK SALES (AMS & CDFA):** During May, about 4.5 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.8% higher than May 2004. After adjusting for calendar composition, sales in May 2005 were 2.6% higher than May 2004. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, flavored fat-reduced milk, and buttermilk increased from May 2004, while sales of whole milk and flavored whole milk decreased from a year earlier.

## \*\*\*\*SPECIALS THIS ISSUE\*\*\*\*

BUTTER AND CLASS III & IV FUTURES (PAGE 7)  
 INTERNATIONAL DAIRY MARKET NEWS (PAGE 8)  
 MAY DAIRY PRODUCTS (PAGE 9)

JUNE FEDERAL ORDER CLASS AND COMPONENT PRICES (PAGE 10)  
 MAY FLUID MILK SALES (PAGE 11)

**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

PRODUCT	MONDAY JULY 4	TUESDAY JULY 5	WEDNESDAY JULY 6	THURSDAY JULY 7	FRIDAY JULY 8	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	NO	\$1.5075 (N.C.)	\$1.5075 (N.C.)	\$1.5075 (N.C.)	\$1.5075 (N.C.)	(N.C.)	\$1.5075 (+.0105)
40# BLOCKS	TRADING	\$1.5500 (+.0025)	\$1.5500 (N.C.)	\$1.5500 (N.C.)	\$1.5500 (N.C.)	(+.0025)	\$1.5500 (+.0040)
BUTTER GRADE AA	HOLIDAY	----	\$1.6700 (-.0150)	----	\$1.6325 (-.0375)	(-.0525)	\$1.6513 (-.0470)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2.

## CHICAGO MERCANTILE EXCHANGE

MONDAY, JULY 4, 2005

HOLIDAY - NO TRADING

TUESDAY, JULY 5, 2005

CHEESE — SALES: 4 CARS 40# BLOCKS @ \$1.5500; BIDS UNFILLED: 2 CARS BARRELS @ \$1.5075; 4 CARS 40# BLOCKS @ \$1.5500; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.5800, 2 @ \$1.5875

WEDNESDAY, JULY 6, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 2 CARS BARRELS @ \$1.5075; 2 CARS 40# BLOCKS @ \$1.5500; OFFERS UNCOVERED: 2 CARS 40# BLOCKS @ \$1.5900

BUTTER — SALES: 23 CARS GRADE AA: 1 @ \$1.6600, 1 @ \$1.6550, 1 @ \$1.6500, 1 @ \$1.6525, 1 @ \$1.6550, 1 @ \$1.6600, 1 @ \$1.6625, 1 @ \$1.6650, 1 @ \$1.6700, 1 @ \$1.6800, 4 @ \$1.6850, 1 @ \$1.6825, 1 @ \$1.6800, 1 @ \$1.6600, 1 @ \$1.6575, 1 @ \$1.6550, 1 @ \$1.6600, 1 @ \$1.6900, 1 @ \$1.6675, 1 @ \$1.6700; BIDS UNFILLED: 3 CARS GRADE AA: 1 @ \$1.6100, 1 @ \$1.6000, 1 @ \$1.5950; OFFERS UNCOVERED: 6 CARS GRADE AA: 1 @ \$1.6700, 2 @ \$1.6950, 1 @ \$1.7000, 2 @ \$1.7125

THURSDAY, JULY 7, 2005

CHEESE — SALES: 1 CAR 40# BLOCKS @ \$1.5500; BIDS UNFILLED: 1 CAR BARRELS @ \$1.5000; 2 CARS 40# BLOCKS @ \$1.5000; OFFERS UNCOVERED: NONE

FRIDAY, JULY 8, 2005

CHEESE — SALES: 7 CARS 40# BLOCKS @ \$1.5500; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR 40# BLOCKS @ \$1.5600

BUTTER — SALES: 12 CARS GRADE AA: 2 @ \$1.6100, 1 @ \$1.6075, 1 @ \$1.6050, 2 @ \$1.6250, 1 @ \$1.6275, 1 @ \$1.6300, 1 @ \$1.6325, 1 @ \$1.6350, 1 @ \$1.6375, 1 @ \$1.6475; BIDS UNFILLED: 8 CARS GRADE AA: 1 @ \$1.6275, 1 @ \$1.6125, 1 @ \$1.6100, 2 @ \$1.6025, 3 @ \$1.6000; OFFERS UNCOVERED: 11 CARS GRADE AA: 1 @ \$1.6325, 1 @ \$1.6400, 1 @ \$1.6475, 1 @ \$1.6500, 1 @ \$1.6600, 6 @ \$1.6700

**CME CASH NONFAT DRY MILK:** Extra Grade closed the week at \$0.9625 and Grade A at \$0.9825. (The last price change occurred March 30.) The weekly average for Extra Grade is \$0.9625 (N.C.) and Grade A is \$0.9825 (N.C.).

## BUTTER MARKETS

## MAY BUTTER PRODUCTION

During May 2005, butter production in the United States totaled 120.3 million pounds, 9.2% more than May 2004 and 4.0% more than April 2005. The following are May to May changes for various states: CA-2.0%, NY -11.6%, PA +7.2% and WI +44.8%.

## NORTHEAST

The butter market continues to firm. The weekly average CME cash price for butter has increased for five consecutive weeks. The last time the weekly average increased five or more consecutive weeks was Sept.-Oct. 2004. However, Friday's (7/1) price decline, may mark an end to the string of weekly gains. Churning activity is lighter as the Class II cream market is improving and there is less excess cream moving to churning facilities. Butter stocks remain more than ample for current needs, but with prices increasing like they have been, buyers are showing more interest in placing additional orders and building stocks. July futures deliveries are also playing a roll in this market as some contacts feel that the overall supply/demand relationship in the market does not support last week's early-week price increases. Retail orders are slow to fair unless featured. Food service orders are fairly good, as the summer vacation season gets into full swing. Sales of bulk butter f.o.b. East, are reported in a range from flat market to 3.0 cents over the CME price/average.

## CENTRAL

The market tone is weak as the cash price declines from the highest level thus far in 2005. Churning activity, has been and continues to be fairly strong. Cream volumes over the recent Fourth of July holiday period were heavier, although not as heavy as many butter producers anticipated. This week, some butter producers continue to actively seek additional cream volumes. To secure the desired

volumes, butter producers are paying multiples in the 130's. This week, in many instances, churning activity is surpassing demand thus surplus is clearing to inventory. Overall butter demand is lighter as buyers assess holiday carryover inventories prior to returning to the market. Some buyers are also hesitant to place orders during a weakening trend in the cash price. Retailers state that feature activity during June cleared a significant volume of print butter. Food service orders are seasonally steady as the summer vacation season continues. Bulk butter for spot sale is being reported in the flat – 2 cents per pound over various pricing basis.

## WEST

Cash CME butter prices had gained 24 1/4 cents over five trading sessions to stand at a 2005 high of \$1.73 last week before declining 4 1/2 cents on Friday and another 1 1/2 cents on Wednesday of this week. Contacts indicate that butter sales activity had been very good before this last price run up. Some butter has been coming out of storage to meet the current interest. Cream supplies available to local churns have been much lighter than a month ago, but about normal seasonally. A plant equipment problem did force some sales of cream over the holiday weekend at a discount to find a willing buyer. The Dairy Products report for May indicates that U.S. butter production was 120.3 million pounds, up 9.2% from last year (+10.2 million pounds). Output was also higher than 2003, but it did trail 2002. Cumulative butter output for the first five months of the year totals 600.2 million pounds, up 9.4% from the previous year (+51.5 million pounds). Output in the Western region in May totals 47.0 million pounds, up 4.3% from 2004. The West produced 39% of U.S. butter output during May. Bulk butter prices range from flat to 3 cents under based on the CME with various time frames and averages.

## NASS DAIRY PRODUCT PRICES

## U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	38% MOISTURE BARRELS			
JULY 2	1.4893	1.4525	0.9258	1.5766	0.2718
	8,351,250	10,880,621	20,458,106	3,402,445	10,522,325

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are higher and the market tone is firming. Cheese output in the Northeast is easing as milk supplies tighten along seasonal patterns. Cheddar output is sufficient to meet both demand and aging programs. Mozzarella production is a little lighter as orders are off seasonally. Retail orders are just fair as retailers, coming off June Dairy Month promotions, are reassessing their inventories before reordering. However, with prices increasing the past two weeks, some buyers are ordering a little heavier to avoid possible higher prices in coming weeks. Food service orders are fair to good.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6250-2.1400
Cheddar Single Daisies	:	1.5825-2.0575
Cheddar 40# Block	:	1.6850-1.9550
Process 5# Loaf	:	1.7075-1.9150
Process 5# Sliced	:	1.7275-1.9425
Muenster	:	1.6975-1.9000
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

## MIDWEST

The cheese market is steady. Current orders are fairly slow to develop after the long holiday weekend. The availability of surplus milk during and after the holiday weekend will affect cheese output. Many buyers and sellers continue to try to build or hold on to cushion inventory for the expected tighter milk and cheese supplies and potentially higher prices toward fall. Availability of current natural American varieties, including cheddar, remains a concern as milk supplies decline. Process interest is fair to good seasonally. In general, only limited spot volumes of natural American are available. Mozzarella offerings remain long seasonally. Some buyers are starting to watch inventory, delivery, and lead times on shorter shelf life items such as brick and muenster. Cheese yields and milk intakes declined due to the recent bout of hot and humid weather. Reports indicate that a larger share of milk loads have been testing under or near 3.5% fat.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.6975-1.9700
Brick And/Or Muenster 5#	:	1.9800-2.0950
Cheddar 40# Block	:	1.8300-2.2650
Monterey Jack 10#	:	2.0300-2.2650
Blue 5#	:	2.3900-2.6900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7225-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.4300-2.8700

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
	:	:
07/04/05	55,265	: 146,728
07/01/05	52,834	: 147,005
CHANGE	2,431	: -277
% CHANGE	5	: N.C.

## WEST

The CME cash block price has gained 8 1/4 cents over the past 2 1/2 weeks to stand at \$1.55. Last week buyers were questioning whether this price would hold, but they are now becoming more comfortable with the level as milk output is reduced seasonally. Demand for natural cheese has been fair at retail and good in food service channels. Buyers are looking for current blocks for storage and ongoing needs. Process cheese interest has been improving. Mozzarella sales are not strong enough to absorb all the current production. Swiss sales are good and stocks are in good balance. The May *Dairy Products* report indicates that total U.S. cheese production was 782.5 million pounds, up 4.0% from last year (+30.4 million pounds). Cumulative output for the first five months of the year is 3.80 billion pounds, up 1.6% from the same period (+58.5 million pounds) in 2004. May output for the Western region totals 332.8 million pounds, up 7.7% (23.7 million pounds) from last year. The West produced 42.5% of total U.S. cheese production in May. May Swiss output for the U.S. was 25.5 million pounds, up 4.3% from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.6500-1.9075
Cheddar 40# Block	:	1.6650-2.0175
Cheddar 10# Cuts	:	1.8450-2.0650
Monterey Jack 10#	:	1.8550-2.0150
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

## FOREIGN

Prices are unchanged on imported styles; generally higher on domestic styles. The market tone is settling into typical summer patterns. Demand is slow to fair and stocks are sufficient to meet current needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-4.6900	: 1.9375-3.4275*
Gorgonzola	: 3.6900-6.0900	: 2.4500-2.5175*
Parmesan (Italy)	: TFEWR	: 3.3525-3.4600*
Romano (Italy)	: 2.1000-3.2500	: -0-
Provolone (Italy)	: 3.4400-6.0900	: 1.9400-2.1750*
Romano (Cows Milk)	: -0-	: 3.1350-5.3000*
Sardo Romano (Argentina)	: 2.8500-3.2900	: -0-
Reggianito (Argentina)	: 2.6900-3.2900	: -0-
Jarlsberg-(Brand)	: 3.1200-4.1500	: -0-
Swiss Cuts Switzerland	: -0-	: 2.4500-2.6500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: TFEWR	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.5600	: -0-
Gouda, Large	: TFEWR	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	150	0	135	0	45
SOUTHEAST STATES	0	3	0	0	0	0

The following are the June 2005 Class and component prices under the Federal Milk Order pricing system: Class II \$13.06 (up \$.28 from May), Class III \$13.92 (up \$.15), and Class IV \$12.33 (up \$0.13). The following are the product price averages used in computing Class prices: butter \$1.4427, NDM \$0.9259, cheese \$1.4845 and dry whey \$0.2696. The Class II butterfat price is \$1.6002 and the Class III/IV butterfat price is \$1.5932. Milk production ranges from steady to lower. Contacts in the Southeast report that milk production declines are more noticeable in the Carolinas, Virginia, and other Southeastern states. The milk flow in the Northeast is mostly steady as warmer temperatures are just starting to have an impact on the cows. Despite the decline in milk production fluid milk supplies remain heavy throughout the region. Class I demand ranges from slower to fairly good. Tropical storms Cindy and Dennis are not having much of an impact on bottled milk sales along the Gulf Coast. Cindy made landfall on Wednesday and Dennis is expected to hit Florida this weekend. Surplus milk supplies are heavy and manufacturing plants continue to operate on heavier-than-expected schedules. Some balancing plants have experienced breakdowns, which further delays processing. Some spot loads did have to clear out the region during the holiday weekend, but volumes were handled relatively easily. Florida handlers continue to move quite a few loads out of state. Due to some recent changes to milk supply agreements, Florida's shipments out of state may run ahead of year ago levels through much of July or until their milk output drops. The condensed skim market is little changed, but Class II prices have moved higher due to changes in the Class II skim milk price. Class III wet solids' prices are holding steady. The fluid cream market is firming, pricewise. Supplies have tightened, but still fully adequate to cover contract and spot needs. The improved weather has helped ice cream consumption, particularly hand dipped and soft serve. Smaller sized containers and high prices are not helping retail sales. Contacts report that production of novelties, ices, and lowfat ice cream are making up an increasing percentage of some plants' output. A few plants were down an extra day over the holiday weekend, but are back on line and some expect to operate an extra day this week. Spot prices are generally higher as the average cash butter price at the CME increased more than nine cents last week. Bottled cream and aerosol whipping cream production is quite heavy. Churning activity is moderate as some excess loads of cream were reported during the holiday weekend.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	2.2587-2.3946
DELIVERED EQUIVALENT ATLANTA	-	2.2757-2.4286 M 2.2927-2.4116
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	2.1399-2.2757

## PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

## F.O.B. PRODUCING PLANTS:

NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	.9900-1.0500
NORTHEAST- CLASS III - SPOT PRICES	-	1.1000-1.1700

## M I D W E S T

Class I interest remains slow except for the usual retail feature activity. Manufacturing milk volumes remained heavy over the holiday weekend but overall, seemed slightly easier to handle than recent weekends. Milk from other areas continues to clear to upper Midwestern manufacturing plants. Prices paid continue to depend on when the milk is available with the lowest prices over the holiday weekend. Most plants again had surplus volumes cleared out by midweek. Reported spot manufacturing milk prices range from -\$1.50 delivered, to around +\$0.50 net fob by midweek. Some plants that have been running on extended schedules are easing back on hours of operation. A few smaller plant operators are even looking at perhaps finally being down for a scheduled day off. Cream demand and prices depend on source with prices the lowest and availability the highest from some Western sources. Weekend cream prices were generally lower to limit sales to churns. Many ice cream makers are putting overtime in to help fill orders. Loads of milk with fat tests of 3.5% and under are more frequently

arriving at plants, generating less cream and lower manufactured product yields. Current plant intakes are generally lower after the recent bout of heat and humidity. Some plant operators have noticed the usual rebound in milk intakes after temperatures cooled. Crop conditions continue to vary from dry to wet. Some dry areas received badly needed precipitation though it was often just enough to limp along to the next shower. More rain is needed for pollination and for ears to develop. Second cutting hay yields were frequently lighter than normal in dry areas, putting additional concerns about hay/haylage supplies for winter.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	JUN 30-JUL 6	PREVIOUS YEAR
SLAUGHTER COWS	\$ 56.00- 61.00	\$ 56.00- 61.50
REPLACEMENT HEIFER CALVES	\$400.00-780.00	\$350.00-600.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	JUN 30-JUL 6	PREVIOUS YEAR
SLAUGHTER COWS	\$ 56.00- 60.00	\$ 55.00- 62.50

## W E S T

Milk output is holding up surprising well across most of CALIFORNIA at a time when milk is usually declining. Plant intakes are well over 2004 levels with reports of 3-7% increases. Moderate summertime temperatures with cool nighttime conditions are the main reason for the sustained milk volumes. Generally, milk was handled decently over the holiday weekend. There were some plant problems and other plants that were full. Bottling orders are slow following the holiday. Cheese producers are taking extra milk to extend runs. Feed conditions are generally favorable with volumes adequate but not always the quality desired. Hot temperatures are slowing the milk flow in ARIZONA. Temperatures are reaching 110 degrees and are forecast that hot for the next week. Processing plants were running on extended schedules to handle milk supplies from nearby states over the holiday weekend. Bottling is fair at best following the holiday. Milk output continues to be surprisingly higher than expectations across NEW MEXICO. The holiday weekend did pose some problems with the logistics and finding processing homes. There was some milk dumped, but volumes were not discussed. The main problem was that milk production was strong, not that plants were having problems. The new plant being built in Clovis will be able to help prevent future milk diversions. Contacts are surprised that the milk flow is so heavy. Temperatures are hot and typically would foretell the milk dropping. Fresh cows, new cows, additional cows, good feed, and/or resumption of Bst usage, are all possible factors in milk increases. Milk is moving to the Southeast to supplement needs, mostly under contract arrangements. Alfalfa harvesting is moving into the third cutting with prices steady and topping at \$165 price per ton. The CREAM market is steady to firm. Conditions remain in balance after the holiday weekend. Loads are mostly being moved as planned and on schedule to out of region and local buyers. A plant problem did send cream looking for processing homes in the Midwest. Extra cream loads are not readily available with butter producers wanting to build stocks and are not willing to sell cream. The CME butter price declined 8 cents since last Wednesday and closed at \$1.6800 on July 6. Multiples and overages are holding mostly steady and FOB pricing for multiples range from the mid 110's to mid 120's. Milk supplies on the west side of OREGON and WASHINGTON are not declining much seasonally. Conditions have been cool and on the wet side. There is some concern that dairy quality hay supplies will be in short supply and prices will be firm as fall approaches. Some feel that this may have more impact on milk supplies later in the year. Plants are running quite heavy yet and some equipment problems over the holiday weekend forced some milk and cream to move long distances to find a processing home. Temperatures are much more seasonal and warm on the east side of the two states. Nights remain cool so cow stress has been minimal. Springing heifer prices at a monthly sale in the region came in a bit lower than last month with volumes and buyer interest negatively impacted by the holiday weekend. Prices for top heifers ranged from \$2000-2500. Temperatures are closing in on 100 degrees in UTAH and IDAHO this week. Nights are remaining very cool which does a lot to reduce the stress on the milking herd. Good volumes of new crop hay are available, but not much of it is dairy quality. Also, prices are often \$20-30 higher than dairies are used to paying at this time of year. Plants continue to run very full in the region and some plant equipment problems were noted over the holiday. Milk had to be shipped out to find a home. Fat and protein tests on milk receipts are holding up quite well because of the moderate early summer conditions. Heifer prices at two sales in the region topped out at \$2370-2425 last week with the average between \$2105-2200. These prices have increased a bit over the last few weeks.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged to higher on a steady market. The holiday weekend encouraged excess milk intakes at some locations. Increased production of low heat NDM is noted whereas high heat NDM is somewhat short of buyer interest. Spot loads are more readily available from Western rather than Central manufacturers. For single loads, end-users are receiving low heat NDM delivered from the West near the high side of the range. However, demand from the Central is somewhat reduced as many buyers planned for hot weather and reduced supplies by purchasing needed loads ahead of time. Multiple loads of Western NDM are available to Central brokers. Off grade supplies are available and trading competitively with 34% WPC for the good feed interest. EAST: Prices are steady to higher and the market tone is unchanged. Surplus milk volumes are still quite heavy in most of the East and dryers remain active. The combination of slow condensed skim sales, the holiday weekend, and heavy surplus milk volumes have kept Eastern NDM producers very active. Orders for NDM, direct from the producers are slower this week after being very active the last two weeks of June. The price list used by the country's major NDM supplier ratcheted higher effective July 1. Buyers were aware of this change and tried to purchase ahead. Other producers are holding prices, but reassessing their pricing positions. Some equipment problems were noted during the past weekend, which caused delays in processing. Producer stocks are moderate to heavy, but pretty well committed to contract buyers. Little spot activity is noted at the producer level. Even though milk supplies remain long, some producers now have the time to make high heat powder. There has been an improving demand for high heat in recent weeks.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during May 2005 totaled 122.5 million pounds, down 19.0% from May 2004 but 10.1% above April 2005. Month ending stocks, at 110.1 million pounds, are 13.5% below a year ago but 1.9% above last month. (Editors note: NASS NDM totals do not include skim milk powder)

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUMHEAT: .9425 - 1.0100 MOSTLY: .9800 - .9900  
HIGHHEAT: .9775 - 1.0950

**NONFAT DRY MILK - WEST**

Prices held mostly steady for the Western low/medium heat nonfat dry milk. There were some adjustments reflected in pricing series. The holiday period has tempered both domestic and export demand as buying patterns were lower. There are concerns in the market about possible Mexican tariffs on food preparation powder that has been moving into Mexico. The tariff would likely stop this practice. NDM and SMP would not be affected by this tariff but volumes would remain restricted by import licenses. Production continues to be active as plants catch up with the milk volumes coupled with the holiday weekend. Domestic demand is steady with cheese producers not yet again active in making purchases. Stocks are available from many producers. High heat prices are higher in light trading. Production is light but more is being projected to keep up with orders. Demand is good and generally in line with expectations. U.S. NDM production in May totaled 122.5 million pounds, 19.0% lower than last year but 10.1% higher than last month. Cumulative production for 2005 is 530.9 million pounds, 18.1% (117.5 million pounds) less than 2004. May production in the Western region totaled 74.7 million pounds, down 30.3% from last year. California produced 42.9 million pounds, down 39.0% from May 2004. U.S. manufacturers' stocks at the end of May were reported at 110.1 million pounds, 13.5% less than last year but 1.9% higher than last month. [Note: NDM statistics may not include skim milk powder (SMP).]

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUMHEAT: .9000 - .9800 MOSTLY: .9200 - .9350  
HIGHHEAT: .9500 - .9700

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 1	\$ .9151	7,938,383	0
June 24	\$ .9014	7,918,983	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, CA Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are mixed on a steady to firm market. Trade activity is light due in part to the shorter holiday work week. Production is reduced as less cream is churned and more condensed buttermilk clears into ice cream plants rather than dryers. Stocks are mixed with some plants reportedly well in balance whereas others have loads to clear. Production of dry buttermilk during May 2005 totaled 5.2 million pounds, 7.2% less than May 2004 and 3.7% below April 2005. Month ending stocks, at 9.5 million pounds, are 84.2% above a year ago and 7.9% higher than April 2005.

F.O.B. CENTRAL: .9600 - 1.0400

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady to higher and the market tone is firming. Lighter churning activity and improving sales of condensed buttermilk are keeping drying schedules light. Demand is improving seasonally, but, like NDM, pricing indexes increased on July 1, which may have an impact on near-term demand. Producer stocks are lighter than they have been. Dry buttermilk production during May 2005 totaled 5.2 million pounds, down 7.2% from last May and 3.7% less than April 2005. Month ending stocks, at 9.5 million pounds, are up 84.2% from a year ago and 7.9% more than a month ago.

F.O.B. NORTHEAST: .9400 - 1.0050  
DELVD SOUTHEAST: .9800 - 1.0600

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices increased slightly on the bottom end of the range and for the mostly series. The market tone is firming. Product availability varies among producers, but has moved lower for several who have moved stocks over the last several weeks. Production remains moderate to heavy to process the condensed solids coming off the butter churns. For many producers, volumes are heavier than projected for early July. This is related to milk production staying higher in the region and weather not pushing fat content lower. Drying schedules are tight as condensed skim needs to be dried to handle that product stream. Inventory levels are light to moderate. U.S. dry buttermilk production in May totaled 5.2 million pounds, down 7.2% from last year and 3.7% lower than April. Stocks at the end of May were 9.5 million pounds, 84.2% more than last year and 7.9% more than last month.

F.O.B. WEST: .9025 - .9575 MOSTLY: .9050 - .9100

**DRY WHOLE MILK - NATIONAL**

Prices are steady to higher and remain nominal. The market tone is steady. Price increases are often attributed to the gains seen recently on the CME cash butter market as well as the increase in the Class IV milk price. Production levels are mostly unchanged. However, as skim milk supplies tighten, dryer-time is not the issue it was during the flush. Plant stocks are balanced and demand is steady. Some competition from imported whole milk powder is noted at competitive prices. Dry whole milk production during May 2005 totaled 3.1 million pounds, down 0.3% from last May and 24.3% less than April 2005.

F.O.B. PRODUCING PLANT: 1.2500 - 1.4500

**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are unchanged to higher on a steady to firm market. Most trade activity is contractual. Spot trade is light due to limited supply availability and reduced interest during the short holiday week. Production is mostly steady as plants are generally operating at capacity. Some offers of condensed whey were noted over the holiday weekend for the light interest. Milk replacer quality whey is more available than the week prior yet short of buyer interest. Production of HUMAN FOOD, dry whey during May 2005 totaled 85.7 million pounds, 4.0% more than May 2004 and 2.4% above April 2005. Month ending stocks, at 36.5 million pounds, are 7.3% below a year ago and 1.2% less than April 2005. Production of ANIMAL FEED, dry whey during May 2005 totaled 7.5 million pounds, 4.1% less than May 2004 but 3.1% above April 2005. Month ending stocks, at 3.4 million pounds, are 39.3% lower than a year ago and 8.6% less than April 2005.

F.O.B. CENTRAL: .2675 - .2750 MOSTLY: .2675 - .2725  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2425 - .2600

**DRY WHEY - NORTHEAST AND SOUTHEAST**

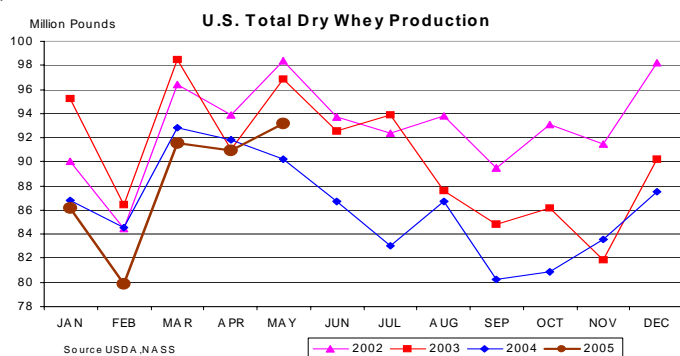
Prices are steady to fractionally higher. Northeast prices remain nominal. The market tone is mostly steady. Cheese output is also steady as surplus milk supplies have not yet shown an appreciable decline. Traders report a relatively inactive week as far as spot purchases and sales are concerned. Most deliveries are on the resale market as producers have little or no dry whey to offer on the spot market. Demand is unchanged at fairly good but not very aggressive levels. Export interest remains fairly brisk. Production of human food, dry whey during May totaled 85.7 million pounds, 4.0% more than May 2004 and 2.4% more than April 2005. Month ending stocks, at 36.5 million pounds, are 7.3% below last year and 1.2% less than a month ago. Production of animal feed, dry whey during May totaled 7.5 million pounds, 4.1% less than a year ago but 3.1% above April 2005.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2725 - .3000  
DELVD SOUTHEAST: .2875 - .3100

**DRY WHEY - WEST**

The range price held steady for Western whey while the mostly series posted a fractional increase. Buyers continue to aggressively look for additional loads of whey. Some orders are being delayed until powder production catches up with demand. Export sales remain strong since there is not much whey competition from anywhere else in the world. Powder output was a bit heavier over the holiday weekend, but not as much as some had anticipated. Hot conditions over the Southwest and warmer evenings are adding more stress to the milking herd. U.S. edible whey production in May totaled 85.7 million pounds, up 4.0% from May 2004. Stocks of whey at the end of the month declined by 7.3% to stand at 36.5 million pounds. Cumulative total whey production for the first five months of the year is 441.7 million pounds, down 1.0% from the same period in 2004. May edible whey output in the Western region totals 25.7 million pounds, up 11.3% from last year.

NONHYGROSCOPIC: .2900 - .3200 MOSTLY: .3000 - .3075

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are unchanged on a firm market. Trade activity is light. Some food buyers are willing to pay premium prices for additional supplies of 34% WPC. However, feed buyers are reaching price limitations as veal growers cannot afford the expense of higher calf and feed prices without exiting the industry. Feed users are purchasing more whey isolates and off grade 80% WPC and NDM to defray higher protein costs. Supplies of whey protein isolates are available and competitive with the 80% WPC that is reported as competitively priced with 34% WPC. Offers of 80% WPC are being made to brokers for the duration of the year. New Zealand 80% WPC is being offered into Asia as a competitive substitute to U.S. sourced supplies. Some New Zealand 80% is also being warehoused in the U.S. for resale. As 34% WPC prices reach NDM price levels, traders expect that NDM will trade more readily into 34% WPC markets. Production of HUMAN FOOD WPC (25.0-89.9% PROTEIN) during May 2005 totaled 26.1 million pounds, 5.3% higher than May 2004 but 4.0% below April 2005. Manufacturers' end-of-month stocks totaled 21.8 million pounds, 2.3% higher than a year ago but 3.7% below last month. Production of ANIMAL FEED WPC (25.0-89.9% PROTEIN) during May 2005 totaled 4.2 million pounds, down 11.3% from May 2004 and 6.7% above April 2005. Manufacturers' end-of-month stocks totaled 2.3 million pounds, 18.3% below last year but 10.2% higher than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .8950 - 1.0000 MOSTLY: .8950 - .9200

**LACTOSE - CENTRAL AND WEST**

Prices are higher on a firm market. Most contracts have settled with a few export deals waiting to be finalized. Despite higher prices reported, brokers are able to obtain multiple loads and candy operators report additional offerings onto their contracts. Production is steady with plants generally operating at capacity. Most plants report that their supplies are in good balance to tight. Interest from feed users continues as the lower mesh size lactose remains a suitable substitute to dry whey permeate that is currently short in supply. Lactose production during May 2005 totaled 57.8 million pounds, down 0.4% from May 2004 and 0.8% lower than April 2005. Month ending stocks, at 61.9 million pounds, are 9.8% higher than a year ago but 1.4% below last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1850 - .2200 MOSTLY: .1900 - .2100

**CASEIN - NATIONAL**

Casein markets and prices remain firm. A new quarter has just begun and prices, although higher than domestic buyers desire to pay, are holding steady. Some slightly lower prices are being reported, but slightly higher prices are also reported. Many suppliers state that they do not foresee significant strength in prices, but feel that stable prices will continue. Most feel that a major factor in future pricing will depend on what the new milk production and casein season will provide in the Oceania region. At the present time, European stocks are in good balance with demand. Oceania suppliers continue to work from lower than desired inventories.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.4500  
ACID: 3.2700 - 3.4000

**EVAPORATED MILK - NATIONAL**

Prices are steady and the market tone is unchanged. As mentioned in previous reports, July 1, marked the withdrawal of one manufacturer from the retail side of the canned evaporated milk market. Most accounts (customers) have been absorbed by the remaining producers and the market continues to be highly competitive. Production levels are easing slightly, but surplus milk volumes are not disappearing as quickly as some contacts anticipated. Demand for canned evaporated milk is seasonally slow. Canned evaporated milk production during May totaled 46.0 million pounds, 4.0% less than May 2004 and 2.5% less than April 2005. Month ending stocks, at 70.6 million pounds, are 26.8% above a year ago and 29.7% more than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.50 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

## CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume <sup>1/</sup>

Month	06/22	06/23	06/24	06/27	06/28	06/29	06/30	07/01	07/04	07/05
<b>CME - (CLASS III) MILK FUTURES -- Dollars per cwt</b>										
JUN 05	13.97 (3050) 0	13.97 (3050) 0	13.95 (3035) 2	13.94 (3035) 1	13.92 (3037) 7	13.95 (3035) 16	13.94 (2723) 0	13.92 (3215) 82	NO TRADING	14.47
JUL 05	14.24 (3229) 162	14.19 (3278) 160	14.44 (3280) 114	14.50 (3264) 60	14.48 (3213) 135	14.47 (3226) 110	14.49 (3209) 38	14.48 (3123) 197		15.12 (3207) 159
AUG 05	14.90 (2960) 231	14.62 (2990) 164	14.99 (3021) 161	15.05 (3036) 57	14.95 (3070) 114	14.77 (3103) 111	14.74 (3082) 105	14.84 (3196) 93		15.20 (3148) 80
SEP 05	14.99 (3059) 162	14.74 (3162) 200	15.02 (3208) 136	15.05 (3237) 66	14.93 (3236) 113	14.82 (3204) 106	14.83 (3162) 72	14.99 (2178) 50		14.21 (3177) 108
OCT 05	14.10 (2166) 57	14.01 (2175) 37	14.06 (2178) 11	14.11 (2185) 24	14.04 (2189) 15	13.96 (2174) 18	14.00 (2175) 4	14.10 (1647) 27		13.62 (2170) 34
NOV 05	13.60 (1627) 9	13.57 (1622) 14	13.56 (1623) 19	13.61 (1633) 14	13.61 (1658) 49	13.50 (1658) 0	13.52 (1657) 4	13.65 (1505) 23		13.48 (1646) 29
DEC 05	13.33 (1455) 8	13.26 (1458) 6	13.25 (1477) 22	13.30 (1491) 17	13.32 (1519) 46	13.28 (1519) 3	13.38 (1520) 17	13.40 (770) 14		13.15 (1505) 19
JAN 06	13.00 (715) 4	13.00 (726) 13	13.00 (726) 18	13.05 (740) 18	13.05 (755) 48	12.93 (749) 13	13.05 (757) 31	13.21 (646) 7		13.05 (775) 7
FEB 06	13.00 (596) 0	13.00 (607) 12	13.00 (619) 29	13.05 (621) 15	13.05 (625) 48	13.00 (626) 6	13.05 (639) 13	13.05 (614) 16		13.00 (651) 6
MAR 06	12.90 (550) 0	12.90 (552) 6	12.88 (566) 33	12.94 (568) 16	12.99 (582) 50	12.88 (582) 4	12.99 (598) 21	13.00 (543) 2		12.95 (619) 5
APR 06	12.85 (486) 1	12.85 (491) 11	12.80 (500) 16	12.85 (511) 15	12.89 (536) 48	12.84 (540) 8	12.90 (542) 4	12.93 (494) 0		12.98 (550) 13
MAY 06	12.98 (490) 0	12.98 (491) 11	12.98 (491) 1	12.97 (489) 5	12.92 (489) 1	12.90 (495) 20	12.98 (494) 5	12.98 (409) 0		13.16 (494) 5
JUN 06	13.10 (406) 0	13.10 (416) 10	13.10 (418) 2	13.10 (419) 2	13.10 (420) 3	12.99 (405) 26	13.10 (409) 6	13.16 (298) 1		13.20 (415) 6
JUL 06	13.18 (302) 5	13.18 (302) 0	13.18 (302) 0	13.18 (302) 0	13.18 (302) 8	13.13 (304) 8	13.25 (298) 6	13.25 (280) 0		13.20 (305) 9
AUG 06	13.20 (279) 6	13.20 (279) 0	13.20 (279) 0	13.20 (279) 0	13.20 (280) 4	13.15 (280) 4	13.20 (280) 0	13.20 (272) 2		13.60 (283) 9
SEP 06	13.50 (262) 5	13.50 (262) 0	13.50 (262) 0	13.50 (262) 0	13.50 (262) 0	13.50 (263) 1	13.50 (270) 7	13.60 (274) 2		12.95 (286) 24
OCT 06	12.95 (272) 5	12.95 (272) 0	12.95 (272) 0	12.95 (272) 0	12.95 (272) 0	12.95 (272) 1	12.95 (272) 0	12.95 (255) 0		13.00 (276) 7
NOV 06	12.90 (254) 7	13.00 (254) 0	13.00 (254) 0	13.00 (254) 0	13.00 (254) 0	13.00 (255) 1	13.00 (255) 0	13.00 (251) 0		12.85 (263) 21
DEC 06	12.80 (251) 5	12.80 (251) 0	12.80 (251) 0	12.80 (251) 0	12.80 (251) 0	12.80 (251) 1	12.80 (251) 0	12.85 (31) 0		12.69 (265) 19
JAN 07	12.69 (31) 0	12.69 (31) 0	12.69 (31) 0	12.69 (31) 0	12.69 (31) 0	12.69 (31) 0	12.69 (31) 0	12.69 (28) 0		12.60 (31) 0
FEB 07	12.60 (28) 0	12.60 (28) 0	12.60 (28) 0	12.60 (28) 0	12.60 (28) 0	12.60 (28) 0	12.60 (28) 0	12.60 (25) 0		12.60 (28) 0
MAR 07	12.60 (25) 0	12.60 (25) 0	12.60 (25) 0	12.60 (25) 0	12.60 (25) 0	12.60 (25) 0	12.60 (25) 0	12.60 (1) 1		12.70 (25) 0
<b>CME - (CLASS IV) MILK FUTURES - Dollars per cwt.</b>										
JUL 05	12.76 (22) 0	12.76 (22) 0	12.76 (22) 0	12.76 (22) 0	12.76 (22) 0	12.76 (22) 0	12.76 (22) 0	12.76 (22) 0	NO TRADING	12.76 (22) 0
AUG 05	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0	13.05 (22) 0		13.05 (22) 0
SEP 05	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0	13.10 (22) 0		13.10 (22) 0
OCT 05	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0		12.80 (4) 0
NOV 05	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0	12.80 (5) 0		12.80 (5) 0
DEC 05	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0	12.80 (4) 0		12.80 (4) 0
<b>CME - BUTTER FUTURES -- Cents per pound</b>										
JUL 05	161.00 (390) 37	159.50 (380) 56	163.75 (368) 26	167.00 (357) 20	170.00 (339) 46	167.75 (289) 54	162.78 (277) 45	165.00 (267) 30	NO TRADING	166.00 (278) 70
SEP 05	161.00 (495) 5	159.50 (491) 16	164.50 (494) 5	168.00 (495) 21	170.00 (494) 10	170.00 (492) 7	165.25 (496) 11	166.00 (499) 18		166.50 (499) 24
OCT 05	160.00 (295) 13	160.50 (299) 9	164.50 (304) 9	168.00 (315) 18	171.50 (315) 1	171.00 (315) 6	167.00 (318) 8	167.00 (318) 2		167.00 (323) 33
DEC 05	159.00 (122) 7	158.00 (122) 0	158.00 (129) 16	163.00 (130) 4	165.00 (141) 13	164.00 (144) 7	161.00 (146) 5	160.95 (146) 8		161.00 (147) 1
MAR 06	152.00 (14) 0	151.00 (14) 0	151.00 (14) 0	151.00 (14) 0	151.00 (14) 0	151.00 (19) 5	153.00 (19) 0	153.00 (19) 0		153.00 (19) 0
MAY 06	149.00 (6) 0	149.00 (6) 0	149.00 (6) 0	149.00 (6) 0	149.00 (6) 0	149.00 (10) 4	152.00 (10) 0	152.00 (10) 0		152.00 (10) 0

<sup>1/</sup> At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered June 27 - July 8, 2005

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**WESTERNEUROPEAN OVERVIEW:** Some much needed rainfall has been reported in various areas of Western Europe. Temperatures have moderated, although some areas remain quite warm. Milk production continues to decline seasonally, although overall output continues to surpass last year's levels for this time of the season. Manufacturers and handlers indicate that they have product to sell, but buyer interest is basically limited to internal or domestic needs. Many European resort and vacation areas are preparing for the upcoming holiday period by placing orders for delivery during the next few weeks. Traders continue to adjust to the most recent round of subsidy adjustments announced in mid June. Traders and handlers anticipated that once July arrived, international buyer interest would resume, but this buyer interest remains quite slow. Traders now feel that it could be another 4-6 weeks before sales resume. Many felt that prices would adjust lower by this time, but this is not the case, in fact prices are unchanged to higher. The Euro continues to loose ground against the U.S. dollar. In recent days, the Euro has dropped under 120 to levels not seen since May 2004. Intervention for butter and skim milk powder remains open, but no offerings have been reported in recent days. Producers and handlers feel that volumes of butter and powder that have cleared to the program will be basically all for the open season. Since March 1, around 5000 MT of skim powder have cleared. Intervention is open until August 31.

**BUTTER/BUTTEROIL:** European butter prices are steady to higher with a firm market tone. Milk production is declining seasonally, thus butter production is also trending lower. Producers and handlers indicate that stocks are available for immediate and future needs. Currently, most trading activity is centered around internal or domestic needs with international sales reported as slow.

82% BUTTERFAT: 1,850 - 2,000

99% BUTTERFAT: 2,550 - 2,900

**SKIM MILK POWDER (SMP):** Skim milk powder markets are steady to firm. Prices are unchanged to higher. Traders and handlers state that they are adjusting to the most recent round of subsidy cuts announced a few weeks ago. Many traders anticipated that international buyers would be returning to the market after July 1, but this does not appear to be the case. Some feel that sales activity will remain quiet for another 4-6 weeks. Producers and handlers state stocks are available for immediate and future needs. Intervention offerings remain very light. Since March 1, about 5000 MT of powder have cleared.

1.25% BUTTERFAT: 2,300 - 2,400

**WHOLE MILK POWDER (WMP):** Whole milk powder markets are firm with prices unchanged to higher. The most recent round of subsidy cuts for whole milk powder are being reflected in higher prices. International buyer interest is fair. Traders feel that it may be a month or so until more buyers return to the market. Producers and handlers state that stocks are in balance for current needs and should be available for future needs. Milk production is declining, thus is whole milk powder production.

26% BUTTERFAT: 2,275 - 2,350

**SWEET WHEY POWDER:** Whey powder markets are firm. Prices are stable at unchanged levels. Stocks of powder are available, although European prices are often higher than international buyers are willing to pay. Current activity continues to center around an internal animal feed markets, although this buyer interest is lower.

NONHYGROSCOPIC: 650 - 800

**EASTERN EUROPEAN OVERVIEW:** Warm temperatures continue to prevail in Eastern Europe, but rainfall has been reported in recent days. Although the rainfall is much needed, producers and farmers indicate that it may have been too late to fully benefit crops. Small grains are in pretty good shape, although the corn crop is in more jeopardy. Milk production is declining seasonally but continues to run ahead of last year. Milk producers and handlers still feel that overall production is not heavier, but marketings have increased versus home consumption or processing. International sales are reported as slow from this region. Stocks are available once buyer interest resumes. Some Eastern, non-EU countries are reporting active buyer interest.

## OCEANIA

**OCEANIA OVERVIEW:** Little new dairy related news is noted from the Oceania region where winter is underway. Current milk production is geared toward just filling the domestic fluid market and not export products. Current activity centers around making plans and commitments for the upcoming production season and shipping previously made sales from inventory. Limited uncommitted supplies of some dairy products are available, keeping sales activity quiet while others may be overcommitted. Sales center on the new production season that gets underway in a couple months. Current price volatility and firmness is partially due to the usual fluctuations in relative currency values and recent reductions in EU export subsidies. Australia has been receiving some much needed winter rain but the overall volumes are not yet adequate to consider the drought to be broken, even with reported flooding in a few localized areas. Annual Australian milk production estimates continue to be tallied, but a fairly good late season may have production for the just completed season about even with the previous year.

**BUTTER:** The butter market is firm though nominal. The recent EU export subsidy cuts as well as relative currency values are causing prices to increase. Current activity centers around shipping previous made commitments from inventory and making sales for the upcoming new season. Some commitments may be delayed until the new season due to the reduced production at some locations.

82% BUTTERFAT: 1,900 - 2,400

**CHEDDAR CHEESE:** The cheese market is steady to firm. Prices are nominal. Current activity centers around filling previously made commitments from inventory and making sales and putting together production schedules for the new season. Some uncommitted supplies are available though volumes are limited until the new milk production season.

39% MAXIMUM MOISTURE: 2,650 - 3,000

**SKIM MILK POWDER (SMP):** The skim market is nominal with prices unchanged to higher. Deliveries are occurring from inventory and spot sales limited at best. Most activity centers on making commitments for the upcoming season and delivering previously made commitments from inventory. Some suppliers are seeking supplemental volumes from other sources to help fill previous commitments. Current milk intakes are geared toward just filling the winter domestic fluid markets and not export products such as skim milk.

1.25% BUTTERFAT: 2,150 - 2,300

**WHOLE MILK POWDER (WMP):** The whole milk market is steady to firm though current prices are nominal due to the lack of product to sell. The recent EU subsidy cuts are adding stability/firmness to prices. Little, if any, supplies are available until the new season. Concerns continue on whether current supplies are adequate to fill commitments until the new season.

26% BUTTERFAT: 2,150 - 2,350

Exchange rates for selected foreign currencies: July 7, 2005

.8041 Canadian Dollar	.0230 Indian Rupee
.3465 Argentina Peso	.6766 New Zealand Dollar
.0929 Mexican Peso	.7425 Australian Dollar
.2955 Polish Zloty	.0090 Japanese Yen
	1.1917 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0929)=  
10.7643 That is 1 US Dollar equals 10.7643 Mexican Pesos.

Source: "Wall Street Journal"

## MAY 2005 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 120.3 million pounds in May, 9.2 percent above May 2004 and 4.0 percent above April 2005. **AMERICAN TYPE CHEESE** production totaled 333.4 million pounds, 0.3 percent above May 2004 and 1.5 percent above April 2005. **TOTAL CHEESE** output (excluding cottage cheese) was 782.5 million pounds, 4.0 percent above May 2004 and 3.4 percent above April 2005. **NONFAT DRY MILK** production, for human food, totaled 122.5 million pounds, 19.0 percent below May 2004 but 10.1 percent above April 2005. **DRY WHEY** production, for human food, was 85.7 million pounds, 4.0 percent above May 2004 and 2.4 percent above April 2005. **ICE CREAM** (hard) production totaled 78.4 million gallons, 5.4 percent above May 2004 and 1.3 percent above April 2005.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	MAY 2005	PERCENT CHANGE FROM:			PRODUCT	MAY 2005	PERCENT CHANGE FROM:		
	1,000 LBS.	MAY 2004	APR 2005	YEAR TO DATE 1/		1,000 LBS.	MAY 2004	APR 2005	YEAR TO DATE 1/
BUTTER	120,295	9.2	4.0	9.4	SOUR CREAM	84,750	12.8	17.6	4.1
CHEESE					YOGURT (PLAIN AND FLAVORED)	261,919	8.2	3.9	---
AMERICAN TYPES 2/	333,375	0.3	1.5	0.7	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	267,154	-2.0	1.6	0.3	SWEET-TYPE, HUMAN FOOD	7,431	-10.6	14.0	---
SWISS	25,500	4.3	7.3	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	5,895	-5.5	0.6	---	DRY WHEY, HUMAN FOOD	85,690	4.0	2.4	---
CREAM & NEUFCHATEL	48,201	-3.4	9.5	---	DRY WHEY, ANIMAL FEED	7,470	-4.1	3.1	---
HISPANIC	13,663	28.0	-2.7	---	DRY WHEY, TOTAL	93,160	3.3	2.4	-1.0
MOZZARELLA	262,444	6.3	5.6	1.5	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	66,342	15.9	2.2	7.5	HUMAN FOOD	3,948	30.9	7.8	---
TOTAL ITALIAN TYPES	328,786	8.1	4.9	2.7	ANIMAL FEED	4,313	13.9	-12.2	---
ALL OTHER TYPES	27,051	12.4	-1.3	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	57,751	-0.4	-0.8	---
TOTAL	782,471	4.0	3.4	1.6	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD 3/	39,139	9.9	-0.1	---	HUMAN FOOD 7/	26,072	5.3	-4.0	---
COTTAGE CHEESE, CREAM 4/	31,477	3.5	3.4	-4.6	ANIMAL FEED 7/	4,172	-11.3	-12.2	---
COTTAGE CHEESE, LOWFAT 5/	34,925	2.3	7.2	-3.0					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
WHOLE MILK	46,033	-4.0	-2.5	---	ICE CREAM (HARD)	78,398	5.4	1.3	1.2
DRY WHOLE MILK	3,144	-0.3	-24.3	---	ICE CREAM, LOWFAT (HARD)	9,967	-2.0	-0.2	---
NONFAT DRY MILK, HUMAN FOOD	122,504	-19.0	10.1	-18.1	ICE CREAM, LOWFAT (SOFT)	26,203	-8.5	1.9	---
DRY SKIM MILK, ANIMAL FEED	707	40.8	111.0	---	ICE CREAM, LOWFAT (TOTAL)	36,170	-6.8	1.3	-4.4
DRY BUTTERMILK	5,172	-7.2	-3.7	---	SHERBET (HARD)	4,919	4.3	-2.5	5.1
					YOGURT (TOTAL)	6,132	-0.3	14.7	-10.7

## MANUFACTURERS' STOCKS, END OF MONTH 8/

PRODUCT	MAY 2005	PERCENT OF:		PRODUCT	MAY 2005	PERCENT OF:	
	1,000 LBS.	MAY 2004	APR 2005		1,000 LBS.	MAY 2004	APR 2005
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	36,524	-7.3	-1.2	HUMAN FOOD	21,834	2.3	-3.7
DRY WHEY, ANIMAL FEED	3,374	-39.3	-8.6	ANIMAL FEED	2,329	-18.3	10.2
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	4,720	-33.2	12.5	CANNED EVAPORATED & CONDENSED WHOLE MILK	70,579	26.8	29.7
LACTOSE, HUMAN FOOD & ANIMAL FEED	61,915	9.8	-1.4	NONFAT DRY MILK FOR HUMAN FOOD	110,102	-13.5	1.9
DRY BUTTERMILK, TOTAL	9,547	84.2	7.9				

1/ 2005 cumulative as percent change of 2004 cumulative. 2/ Includes Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. Does not include sweet-type, animal whey. 7/ Whey Protein Concentrate, 25.0 to 89.9 percent. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (7-05), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

## FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JUNE

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for June 2005 is \$1.5932 per pound. Thus, the Class II butterfat price is \$1.6002. The protein and other solids prices for June are \$2.5741 and \$0.1139 per pound, respectively. These component prices set the Class III skim milk price at \$8.65 per cwt. The June Class IV skim milk price is \$7.00 which is derived from the nonfat solids price of \$0.7780 per pound. **Product Price Averages:** The product price averages for June are: butter \$1.4427, nonfat dry milk \$0.9259, cheese \$1.4845, and dry whey \$0.2696.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	JUNE 2005				JULY 2005
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	16.87	13.06	13.92	12.33	17.14
Appalachian (Charlotte) 5/	005	16.72	13.06	13.92	12.33	16.99
Southeast (Atlanta) 6/	007	16.72	13.06	13.92	12.33	16.99
Florida (Tampa ) 7/	006	17.62	13.06	13.92	12.33	17.89
Mideast (Cleveland) 8/	033	15.62	13.06	13.92	12.33	15.89
Upper Midwest (Chicago) 9/	030	15.42	13.06	13.92	12.33	15.69
Central (Kansas City) 10/	032	15.62	13.06	13.92	12.33	15.89
Southwest (Dallas) 11/	126	16.62	13.06	13.92	12.33	16.89
Arizona-Las Vegas (Phoenix) 12/	131	15.97	13.06	13.92	12.33	16.24
Pacific Northwest (Seattle) 13/	124	15.52	13.06	13.92	12.33	15.79
All-Market Average	---	16.27	13.06	13.92	12.33	16.54

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans, plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I prices at other cities are: Portland, same; and Spokane, same.

## MAY FLUID MILK SALES

During May, about 4.5 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.8 percent higher than May 2004. After adjusting for calendar composition, sales in May 2005 were 2.6 percent higher than May 2004. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, flavored fat-reduced milk, and buttermilk increased from May 2004, while sales of whole milk and flavored whole milk decreased from a year earlier.

**Editor's Note:** Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/in-areasales.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,  
MAY 2005, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	May	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,407	7,106	-0.7	-4.7
Flavored Whole Milk	61	312	-11.5	-17.5
Reduced Fat Milk (2%)	1,442	7,273	3.8	-0.1
Low Fat Milk (1%)	533	2,673	5.1	2.4
Fat-Free Milk (Skim)	665	3,336	4.8	2.6
Flavored Fat-Reduced Milk	334	1,709	9.9	6.0
Buttermilk	43	215	1.1	-4.2
Total Fluid Milk Products 3/	4,497	22,691	2.8	-0.9
Total Fluid Milk Products Adjusted 3/ 4/	4,547	22,729	2.6	0.0

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see [http://www.ams.usda.gov/dyfmoms/mib/clndr\\_comp\\_rpt.pdf](http://www.ams.usda.gov/dyfmoms/mib/clndr_comp_rpt.pdf)

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, MAY 2005, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	May	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	797	3,962	2.2	-1.0
Appalachian (005)	283	1,437	3.7	-1.2
Southeast (007)	394	2,014	3.3	1.4
Florida (006)	243	1,266	5.0	2.1
Mideast (033)	515	2,610	2.0	-1.2
Upper Midwest (030)	369	1,847	5.1	1.5
Central (032)	376	1,924	2.4	-1.1
Southwest (126)	347	1,759	4.0	-0.1
Arizona-Las Vegas (131) 3/	101	523	5.1	1.1
Pacific Northwest (124)	179	888	1.5	-0.9
California (---)	534	2,646	1.8	-0.8

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 4/ above.

3/ The in-area sales data for this order does not include all the sales in the marketing area due to the reporting exemption of fluid milk processors located in Clark County, Nevada.

**SOURCE:** Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF JULY 4 - 8, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 07/01/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	314,634,991	-0-	628,630,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	314,515,943	-0-	675,021,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF JULY 4 - 8, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	0.8	41.4
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	68.3	3,661.0
CUMULATIVE JANUARY 1 - JULY 8, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	42.8	2,311.7

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF JULY 4 - 8, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	7,646,276	4.2	2.5
WEST	-0-	-42,309	-0-	-0-	29,415,099	302,585,893	92.4	96.1
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.4
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	314,515,943	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 06/18/05 & Comparable Week 2004

Regions* (000 HEAD)	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL		% DAIRY OF ALL	
											WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2005-Dairy	N.A.	0.6	5.6	2.0	12.0	1.9	0.7	0.9	10.8	2.0	36.5	1,080.1	42.3	47.7
2004-Dairy	0.1	0.7	5.5	2.0	17.2	2.6	0.4	0.9	9.7	1.8	41.0	1,128.8	42.2	46.6
2005-All cows	0.1	0.7	6.9	10.7	24.7	13.2	10.0	2.5	13.8	3.7	86.3	2,266.5		
2004-All cows	0.1	0.7	7.0	10.5	28.1	15.8	14.4	2.9	12.6	5.0	97.1	2,423.9		

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43	14.13	14.80	13.62	13.89					
II	13.04	13.36	13.25	13.24	12.78	13.06						
III	14.14	14.70	14.08	14.61	13.77	13.92						
IV	12.52	12.74	12.66	12.61	12.20	12.33						

1/ Specific order differentials to be added to this base price are located at [www.ams.usda.gov/dyfmoms/mib/cls\\_prod\\_cmp\\_pr.htm](http://www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm)